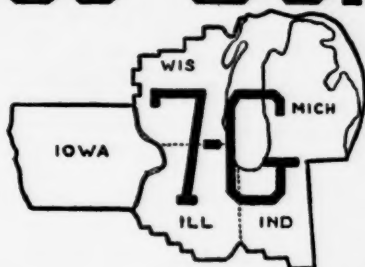


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 8, No. 3

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

March 1, 1925

## BUSINESS CONDITIONS IN THE UNITED STATES

**F**URTHER growth in production during January carried the output of basic commodities to the highest point reached since the spring of 1923. Employment at industrial establishments increased slightly, but remained below the level of a year ago. Prices of farm products continued to advance and there were smaller increases in the wholesale prices of most of the other groups of commodities.

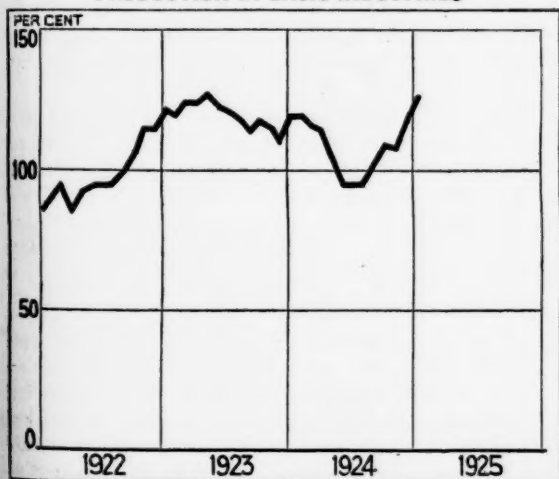
**PRODUCTION**—Production in basic industries, after a rapid increase in recent months, advanced 8 per cent in January and was 34 per cent above the low point of last summer. The most important factor in the increase in the level of production since August has been the greater activity in the iron and steel industry, but in January the output of lumber, minerals, food products, and paper, and the mill consumption of cotton also showed considerable increases. The woolen industry was somewhat less active in January and output of automobiles, though larger than in December, was considerably smaller than a year ago. Further

increases during the month in employment in the metal, textile, and leather industries were largely offset by seasonal decline in the number employed in the building materials and food products industries. Building activity, as measured by contracts awarded, though less in January than during the closing months of 1924, was near the high level of a year ago.

**TRADE**—Railroad shipments were in record volume for this time of year, and loadings of merchandise and miscellaneous products were particularly heavy. Wholesale trade in January, however, was slightly smaller than in December. Sales of groceries, shoes, and hardware were in smaller volume, while sales of dry goods and drugs increased. Department store sales in most districts were somewhat smaller than a year ago, but sales of mail order houses were considerably larger.

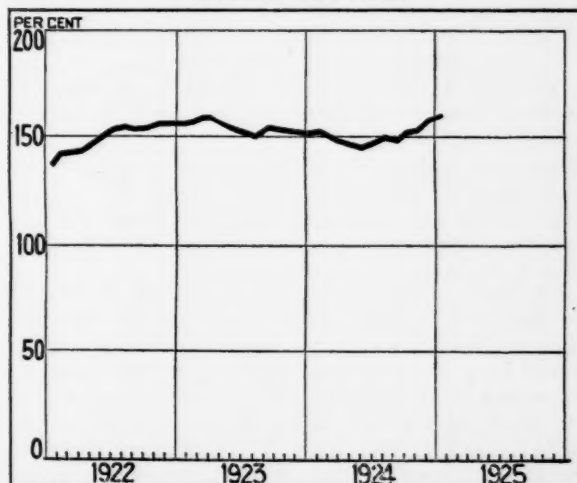
**PRICES**—Wholesale prices, as measured by the index of the Bureau of Labor Statistics rose 2 per cent during January to the highest level in four years. The increase of

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, January, 1925: 126.

WHOLESALE PRICES



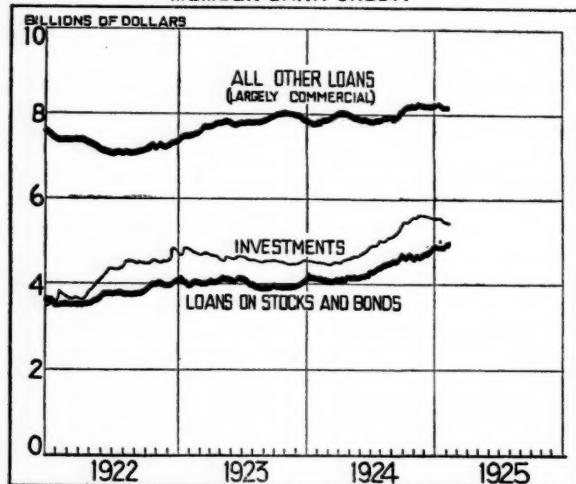
Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, January, 1925: 160.

Compiled February 25, 1925

10 per cent in the index since last June represents an advance of 19 per cent in prices of agricultural commodities and 3 per cent in other commodities. In the first half of February prices of grains, wool, coal, and lead declined, while petroleum and gasoline prices advanced sharply, and cotton, silk, and rubber showed smaller increases.

**BANK CREDIT**—Loans and investments of member banks in leading cities, following the rapid growth during the last half of 1924, declined by about \$100,000,000 between the middle of January and the middle of February. This decrease represents a reduction in the holdings of investments, chiefly at banks in New York, partly offset by an increase in loans. Loans on stocks and bonds increased though less rapidly than in the latter part of 1924, while loans for commercial purposes declined slightly from the high level reached in the middle of January. Net

MEMBER BANK CREDIT



Weekly figures for member banks in 101 leading cities. Latest figures, February 11, 1925: All Other Loans, 8,182 million; Investments, 5,432 million; Loans on Stocks and Bonds, 4,933 million.

## BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

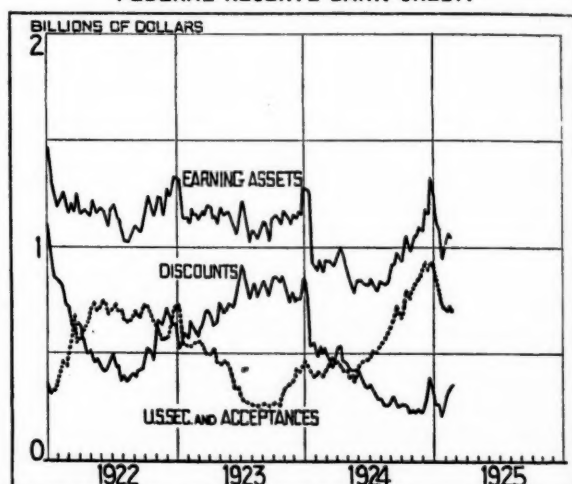
**B**USINESS in the Middle West during January presented varying aspects: for many lines of trade and manufacture, the seasonal slowing down characteristic of the month; for others, the maintenance at high levels of production and shipments, carrying momentum from the fall expansion, yet influenced by the disinclination apparent thus far in 1925 to proceed as rapidly as seemed probable at the close of the year.

Thus, iron and steel output approached record totals during January, while new orders tended to slacken. Similarly, coal mining was heavy for the month, but demand quieted with resultant accumulation of stocks and lowering of prices. Automobile production and distribution of cars at wholesale likewise exceeded the December rates, but are being kept below a year ago. Building activity was less than last year, contracts awarded during January being unusually light, and demand for construction materials diminishing; permits awarded, however, were considerably above the January, 1924, figures. Decreases in output and the number of men employed at meat packing plants reflected the slower movement of live stock. In grain, prices reached a spectacular peak during the month.

demand deposits owing largely to decreases at New York City banks, declined sharply from the high point reached in the middle of January.

At the Federal Reserve banks the seasonal liquidation resulting from the return flow of currency from circulation came to a close by January 21 and during the following four weeks there was an increase in total earning assets. This increase reflected largely the demand for gold for export, which led member banks to increase their discounts at the reserve banks. Reserve banks' holdings of United States securities declined further, while acceptances showed relatively little change for the period. Money rates, after remaining comparatively steady during most of January, showed a firmer tendency during the early part of February, when rates for prime commercial paper advanced to 3¼ per cent.

FEDERAL RESERVE BANK CREDIT



Weekly figures for 12 Federal Reserve banks. Latest figures, February 18, 1925: Total Earning Assets, 1,046 million; Discounts, 342 million; United States Securities and Acceptances, 690 million.

Distribution of goods at retail, though seasonally low, compared favorably with a year ago, mail order and chain store sales gaining decidedly and department stores averaging a slight increase. Wholesale trade trended downward from December to levels in general lower than last year.

Of outstanding importance in the money situation were the better demand for commercial paper, and the tremendous buying of bonds with advancing prices. Other features were the heavy savings deposits and the increase in the volume of cancelled checks over the preceding month and a year ago. The rise in business failures during January is customary for the first month of the year.

## BANKING CONDITIONS AND MONEY RATES

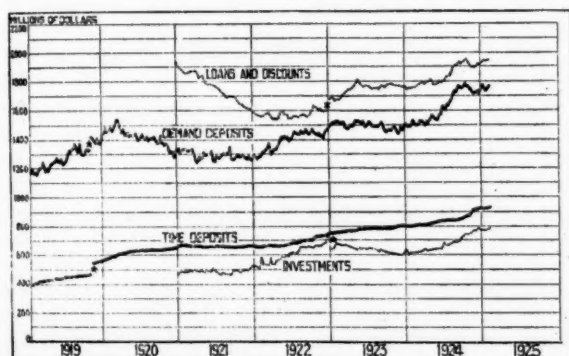
Credit conditions throughout the district are in the main unaltered from a month ago. The same spirit of optimism which has prevailed for several months is still operative, though tempered to a degree by the failure of marked changes for the better to put in their appearance as rapidly as expected in some quarters. Rates in Chicago are as follows: Commercial paper, 3½ to 4 per cent, over-the-counter loans 4½ to 5 with occasional transactions at 5½,

and collateral loans  $4\frac{1}{2}$  to 5. Bankers in some sections of the district report a considerable diminution in credit demand, while others report the situation in this respect unchanged from January.

Total earning assets of the Federal Reserve Bank of Chicago have shown a downward trend during January and thus far in February, with the exception of a slight gain from the preceding week on February 11. On February 18 they were \$7,500,000 below the figure shown on the corresponding reporting date in January, and \$16,000,000 greater than on February 20, 1924. Loans to member banks amounted to \$23,635,000 on February 18 compared with \$32,333,000 on January 21, and \$55,813,000 a year ago. Federal Reserve notes in circulation continued to decline in volume.

Loans and discounts of reporting member banks increased during January and thus far in February, representing for the most part heavier loans on stocks and bonds and "other" collateral, the \$1,949,789,000 shown on February 11 being the highest figure shown since October 15. Investments exhibited a similar trend, and on February 11 touched a new high point, \$788,544,000, exceeding the previous high on December 17 by nearly \$2,000,000. Net demand deposits fluctuated from week to week, the figure on February 11, of \$1,767,508,000 falling short of the aggregate on January 14 by \$8,000,000. Time deposits, however, moved upward without interruption after January 14 gaining approximately \$13,800,000 between that date and February 11.

#### POSITION REPORTING MEMBER BANKS—7TH DISTRICT



Break in curve indicates data not comparable with preceding. Based on weekly reports to the bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures shown, February 11, 1925, in thousands of dollars: Loans and Discounts, 1,949,789; Demand Deposits, 1,767,508; Time Deposits, 930,133; Investments, 788,544.

Stronger demand for commercial paper by the large city banks resulted in an increase of 80.9 per cent in the volume of sales by eight dealers in the Seventh district in January, 1925, compared with December, 1924, and were 34.6 per cent larger than a year ago. Paper outstanding at the close of January increased 7.1 per cent over December 31, 1924, and was 10.8 per cent above January 31, 1924. Rates remained practically unchanged, prevailing at  $3\frac{1}{2}$  to  $3\frac{3}{4}$  per cent; 4 per cent was high, and  $3\frac{1}{4}$  to  $3\frac{1}{2}$  per cent low. Paper outstanding in the United States by twenty-three dealers on January 31, 1925, totaled \$738,521,000 compared with \$721,724,000 at the close of December, 1924.

Although operations in the open market for acceptances in this district were quieter than a month ago, factors influencing the market showed an upward trend. The bid and offered rates on 90-day bills, advancing one-quarter of one per cent, were respectively  $3\frac{1}{4}$  per cent and  $3\frac{1}{2}$  per cent on February 18. Paper was available in greater volume than a month previous, and buyers' demands improved, although this was not reflected in the month's transactions due to the lateness of the stimulus. The shorter maturities continued in best demand, and commodities involved were grain, provisions, sugar, and fruit. Average weekly sales in the four weeks ended February 18 declined 18.8 per cent from the prior six-week period, and purchases by the brokers were 37.2 per cent smaller. Holdings on February 18 were somewhat larger than on January 21.

The volume of bills accepted in January by reporting banks in this district declined 23.3 per cent from the preceding month, although purchases were nearly doubled in this comparison. Sales were reduced 6.2 per cent and total holdings of bills on January 31, 1925, exceeded those of December by 8.9 per cent, banks' holdings of their own acceptances declining, however, 15.5 per cent. The liability of the acceptors for outstandings as of the close of the month advanced 6.2 per cent compared with the preceding reporting date. In January, 1925, the Federal Reserve bank purchased \$14,489,537 of acceptances, and month-end holdings were \$31,834,350, compared with \$33,882,605 on December 31, 1924.

**Volume of Payment by Check**—Thirty-five clearing house centers reported an aggregate gain of 3.3 per cent over December in volume of payment by check in January. An advance of 2.5 per cent was shown by the total of the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, and one of 8.1 in the aggregate of thirty-one smaller cities. Volume of check payment in January this year exceeded that in the corresponding month a year ago by 16.5 per cent in the four larger cities, and 16.8 in the aggregate of the thirty-five reporting centers.

**Agricultural Financing**—Aggregate loans outstanding of twenty-two Joint Stock Land banks in the five states including the Seventh district on January 31 were reported as \$165,470,684, or \$591,465 above the total as of December 31. A gain of \$309,252 took place in the corresponding figure for four Federal Land banks on the same date, and total loans and rediscounts of four Federal Intermediate Credit banks on January 31 were \$1,118,577, approximately \$30,000 less than at the close of the preceding month.

**Savings**—Total savings deposits of 197 reporting banks in this district on February 1, 1925, were within 0.8 per cent of the peak volume reached January 1, notwithstanding post-interest period withdrawals, while by states, Indiana, Iowa, and Michigan exceeded all previous records for which comparable figures are available (1920). Gains over a year ago were general, being most marked for Iowa as during the four immediately preceding months, and amounting for the district to 3.6 per cent, as compared with 6.6 per cent, the average 1924 gain over 1923.

In the average account comparisons, decreases from January by Michigan, Illinois, and Wisconsin, and gains by Iowa and Indiana resulted in 1.1 per cent decrease for the district. Compared with the preceding year, however, Iowa registered the only decline, the increase for the five



states averaging 1.6 per cent, as compared with 1.5 per cent the month before.

**Bonds**—Investment demand has been very active for the last thirty days with a substantial price rise in practically all classes of securities from municipals to secondary rails, public utilities, and industrials, possibly most pronounced in the municipals. Originating houses report difficulty in securing a sufficient volume of offerings to

satisfy their retail customers without attempting to care for needs of dealers, this situation being occasioned by the extraordinary demand on the part of investors seeking to place their surplus funds. Customary to this type of market, a number of lower-grade offerings have been launched and were readily absorbed. Foreign loans continue in favor, although many investors still hold aloof from them, especially foreign industrials.

## AGRICULTURAL PRODUCTION AND FOODSTUFFS

Dairy herds for five states including the Seventh Federal Reserve district showed an aggregate increase on January 1 of 2.6 per cent over a year ago but holdings of other cattle decreased 4.4 per cent; sheep flocks declined about one-half of one per cent while hog droves totaled 17.6 per cent less than at the beginning of January, 1924, according to statistics recently issued by the Bureau of Agricultural Economics.

**Grain Marketing**—Influenced by rising prices, grain in larger quantity moved to interior primary markets in the United States during January than in the corresponding month of last year but, on account of the early marketing of wheat last fall and the necessity of holding on farms most of the present supply of corn for feed and seed, the aggregate arrivals fell below the January, 1923, level. Compared with December, the receipts and shipments of corn and oats increased at points of accumulation, but those of wheat declined. In the United States, the visible supply of grain is considerably larger than in February, 1924, although stocks of wheat and barley at terminal warehouses show some recession from holdings a month ago. Supplies in this country are far from burdensome because of the need of bread grains in other parts of the world. January exports were slightly less than those for December. Partly due to active buying of wheat in January by small speculative interests, the volume of trading in grain futures on the Chicago Board of Trade exceeded that in December. Grain prices moved sharply downward at Chicago, after a sensational rise which culminated in peak levels the latter part of January, so that by the middle of February they were nearly back to the levels prevailing at the close of December.

**Flour**—The prevailing high prices of flour during January restricted buying to a great extent, but sales by millers in this district improved over December and were considerably larger than a year ago. An operating ratio of 68.4 per cent for January reflected a higher rate of production than in either the preceding month or January, 1924, the ratio for these months being 60.3 and 59.4 per cent, respectively. The following table indicates conditions as reported by mills in the Seventh district:

CHANGES IN JANUARY, 1925, FROM PRECEDING MONTHS				
	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	DECEMBER 1924	JANUARY 1925	DECEMBER 1924	JANUARY 1925
Production (bbls.).....	+13.4	+15.1	38	38
Stocks of flour at end of month (bbls.).....	-20.5	-27.1	32	32
Stocks of wheat at end of month (bu.).....	-6.9	+16.9	33	33
Sales (volume).....	+11.6	+20.4	17	16
Sales (value).....	+16.3	+69.0	17	16

According to figures from the Chicago Board of Trade, shipments of flour from Chicago during January aggregated 814,000 barrels, compared with 674,000 barrels for December and 657,000 barrels for January, 1924; while

receipts totaled 1,349,000 barrels, compared with 1,116,000 barrels in the preceding month and 960,000 barrels a year ago.

**Movement of Live Stock**—Coming principally from feed lots in the corn belt at this time of the year, receipts of cattle and lambs receded to seasonally low levels in January. Hog receipts were greater than the 1920-24 average for January but the lowering from record marketings of December probably marked the beginning of a seasonal decline which usually begins in February and extends through September.

### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, January, 1925.....	265,133	1,426,492	270,045	117,564
Public Stock Yards in U. S. January, 1925.....	778,812	3,909,140	786,367	370,258
December, 1924.....	876,755	4,335,237	853,790	388,266
January, 1924.....	787,333	4,016,024	919,506	367,951
January, 1923.....	743,071	3,395,278	897,439	342,438

January reshipments of stocker and feeder cattle, calves, sheep, and lambs to feed lots were smaller than in December and less than a year ago.

### AVERAGE PRICES OF LIVE STOCK PER HUNDRED POUNDS AT CHICAGO

	WEEK ENDED		MONTH OF	
	FEB. 14, 1925	JAN. 1925	DEC. 1924	JAN. 1925
Native Beef Steers (average).....	\$ 9.05	\$ 9.10	\$ 9.20	\$ 9.45
Fat Cows and Heifers.....	5.25	5.25	4.50	5.50
Hogs (bulk of sales).....	10.90	10.40	9.35	7.10
Yearling Sheep.....	14.00	15.00	12.25	11.25
Lambs.....	17.65	18.10	15.75	13.35

**Meat Packing**—Smaller January receipts of live stock resulted in lower production at slaughtering establishments than in December. Employment declined 4.9 per cent in number but, owing to the lull between holiday dates for the prior month, increases of 12.2 per cent in hours worked and 4.3 per cent in total payrolls were shown for the period covered by the last pay-date in January over similar figures for December. Sales in dollars reported by forty-nine packers in the United States aggregated 3.4 per cent greater in January than in the preceding month and rose 7.5 per cent over the level for the corresponding month a year ago. For the calendar year 1924, the sales totaled 2.2 per cent more in value than for 1923.

Fresh pork accumulated in the freezers during January. This increase together with a slight gain in cured stocks brought aggregate storage holdings of edible product in the United States to a higher level than at the beginning of the present year or the 1920-24 average for February 1.

Although Chicago quotations for the majority of pork products strengthened during January and the early part of February, those of picnics, pork loins, fat backs, and lard declined so that the margin between live costs and sales values continued rather narrow. After reaching strong positions early in January, the prices of veal and lamb reacted to some extent but continued on a higher

level than in December. Quotations for beef remained practically unchanged from the prior month.

English importers took a fair amount of hams and shoulders the first half of January after which time demand for pork and lard lagged on the Continent as well as in the United Kingdom, this condition resulting in smaller forwardings for export than in December.

Indifferent demand caused weakening of foreign markets to such an extent that quotations for lard and a few other pork products fell slightly below Chicago parity. Consigned and spot stocks in European markets were indicated as somewhat heavier on February 1 than at the beginning of January.

**Dairy Products and Poultry**—Creamery butter production in this district increased 6.0 per cent in January compared with the preceding month and was 0.5 per cent above a year ago. Reports issued weekly by the American Association of Creamery Butter Manufacturers indicate that production in the United States gained slightly over that for December but showed a recession from January, 1924. Sales of butter reported by representative companies in the Seventh district rose 1.0 per cent above figures

for the prior month and were 8.6 per cent greater than in January a year ago. Seasonal recession in cheese production continued; the total output from Wisconsin factories for five weeks ended February 11 being 5.3 per cent lower than in the preceding period, although nearly equal to totals for the corresponding weeks of 1924.

Receipts of butter and eggs were slightly greater at Chicago during January than in December but showed some recession from a year ago. A smaller quantity of cheese and poultry arrived than in the prior month, receipts of the latter commodity being less than half the volume in January last year. Although withdrawals from storage have been seasonally large, stocks of butter continued rather burdensome. Inventories of eggs were at a minimum and those of other dairy products in warehouses in the United States were seasonally lower on February 1 than at the beginning of January; poultry holdings increased slightly. Prices of poultry, cheese, and eggs strengthened in January but eased during the early part of February. Chicago quotations for butter continued to decline.

## COAL

Heavy production of coal continued in the Indiana and Illinois districts during January. For Illinois the output of 8,121,147 tons was higher than in any month of 1924 except January, at which time an unusually large amount was mined; while in both Indiana and Illinois the percentage of full-time hours actually worked increased perceptibly over December. As a result of the heavy output and of a diminishing demand, an excess supply of coal was created and the market definitely softened at the end of the month. Production has been curtailed to some ex-

tent since February 1, however, and the price of screenings has in consequence increased; prices of domestic coals average about twenty-five cents below those of January.

The 51,900,000 tons of bituminous coal mined in the United States during January represented a gain of 12.3 per cent over December and a decline of only 1.1 per cent from January, 1924; this amount compares favorably with other years also. Anthracite production increased slightly in the comparison with the preceding month.

## INDUSTRIAL EMPLOYMENT CONDITIONS

Employment at industrial plants of the Seventh district experienced another slight advance during the month ended January 15, the reports for plants employing close to 380,000 men showing an expansion of 1.1 per cent from the previous month. This expansion, however, was not reflected in payrolls which, affected by layoffs for repairs and inventory, showed a contraction of 0.5 per cent. Of the industries represented in the reports, metals and metal products continued to make the most definite gains. Other groups to show increases in both men and payrolls were textiles and textile products and leather products. While the manufacturers of chemicals, drugs, and paints made substantial additions to their working forces, the changes were not yet apparent in the payrolls. Decreases in payrolls as well as employment were experienced in vehicles,

rubber products, meat packing and other food products, and in most of the building materials.

Outside of the industries represented in the accompanying table, the trend in employment was generally downward. Thus in building and construction work further curtailments were made, reports showing 25 per cent out of a total of 15,000 men being laid off during the month. Distributive industries, department stores and mail order houses, also suffered heavy reductions after the holiday season. In the coal mining industry, however, the situation improved, and a large number of miners were enabled to return to work. At state employment offices, the number of applicants to places available shows an increase. For Illinois, the ratio increased from 149 at the close of December to 188 at the close of January. In Indiana during the same period, the ratio changed from 132 to 139.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS WEEK ENDED			TOTAL EARNINGS WEEK ENDED		
	JANUARY 15	DECEMBER 15	PER CENT CHANGE	JANUARY 15	DECEMBER 15	PER CENT CHANGE
All groups (10).....	378,045	373,914	+1.1	\$9,534,959	\$9,586,278	-0.5
Metals and metal products (other than vehicles).....	146,895	142,865	+2.8	3,439,417	3,323,956	+3.5
Vehicles.....	43,211	43,341	-0.3	1,222,280	1,321,941	-7.6
Textiles and textile products.....	30,060	28,974	+3.7	716,505	660,032	+8.6
Food and related products.....	50,134	51,745	-3.1	1,361,623	1,424,975	-4.4
Stone, clay, and glass products.....	11,272	11,730	-3.9	319,237	333,885	-4.4
Lumber and its products.....	36,098	35,448	+1.8	833,758	863,496	-3.4
Chemical products.....	10,267	9,954	+3.1	265,580	269,448	-1.4
Leather products.....	17,362	17,297	+0.4	389,134	381,737	+1.9
Rubber products.....	3,115	3,153	-1.2	81,258	85,321	-4.8
Paper and printing.....	29,631	29,407	+0.8	906,167	921,487	-1.7

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—More automobiles were manufactured in the United States during January than in the preceding month, but the number was considerably below January, 1924. Firms representing practically complete production report an output of 203,757 passenger cars, compared with 178,570 in December and 287,211 in the corresponding month a year ago. Trucks manufactured by companies whose December output was 25,333, totaled 25,650 in January, an increase of 1.3 per cent over the preceding month and a decrease of 9.2 per cent from January, 1924.

Manufacturers producing 63.2 per cent of the January output sold 15.8 per cent more cars to dealers than in December, but 36.9 per cent less than in January last year; sales by these dealers to consumers declined 20.3 and 19.7 per cent, respectively, in the same comparisons. The number of cars sold to users was 79.1 per cent of the sales by manufacturers to dealers; in the preceding month the ratio was 114.4 and in January, 1924, only 62.2 per cent.

Automobiles sold at wholesale by distributors in the Middle West registered decided gains in January, while sales by retailers were less than in December but larger than a year ago. Inventories of new cars held by these reporting firms are considerably lower than at the end of January, 1924. The number of cars stored at present in Chicago warehouses is also much smaller than a year ago.

### DISTRIBUTION OF AUTOMOBILES

Changes in January, 1925, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	DECEMBER 1924	JANUARY 1924	DECEMBER 1924	JANUARY 1924
New cars				
Wholesale—				
Number sold.....	+63.2	+16.7	42	39
Value .....	+55.5	+23.5	42	39
Retail—				
Number sold.....	-2.5	+10.2	67	64
Value .....	-11.5	+33.1	67	64
On hand Jan. 31—				
Number .....	+18.2	-47.1	74	71
Value .....	+14.1	-36.4	74	71
Used cars—Sold.....	+11.8	+27.9	70	67
Salable on hand—				
Number .....	+5.0	+8.6	70	66
Value .....	-0.4	+0.3	70	66

**Iron and Steel Products**—Near-record production featured the steel situation during January. Output of steel ingots in that month aggregated 4,179,498 tons for the United States, a gain of 17.7 per cent over December and of 15.0 per cent over January, 1924, and only 0.2 per cent below the record production of March, 1924; the daily average for January was 3.9 per cent under that of last March. Operations averaged 89 per cent of capacity for the country, while in the Chicago district they are being maintained at a maximum rate. Demand has been rather quiet, although the unfilled orders of the United States Steel Corporation registered another gain, totaling 5,037,323 tons on January 31, compared with 4,816,756 tons at the end of the preceding month. Purchases by automobile manufacturers so far have been more conservative than a year ago; railroad buying has lagged, but is again improving; while the structural steel industry is seasonally quiet. Steel mills in the Chicago territory report the volume of new business as satisfactory and as coming from all lines of industry; orders received are heavier than in January last year, with those passed to the mill about 30 per cent greater.

The pig iron market has been unusually dull, but shipments are large and output continues to expand. During January twenty-three more furnaces were blown in, and

the daily average production for the month of 108,621 tons represented an increase of 13.7 per cent over December; in the Illinois and Indiana district the gain was 23.3 per cent. Foreign competition is being felt to some extent in the eastern markets.

The *Iron Trade Review* composite average price of fourteen leading iron and steel products was \$41.22 on February 11, compared with \$40.92 on January 7, and \$43.53 on February 13, 1924. Pig iron prices remain stationary, but those of finished steel products continue to follow an upward trend. Prices of scrap iron have been steadily declining for several weeks.

Both output and shipments of iron and steel castings by twenty-seven foundries in this district increased in January for the second successive month, production expanding 5.4 per cent over December, while shipments gained 2.4 per cent in tonnage and 2.9 per cent in value; increases over January, 1924, also were reported in these items. Sixteen stove and furnace manufacturers in the district booked during January almost double the December amount of business, and a larger volume than in the corresponding month last year; although production was 30.1 per cent heavier than in the preceding month, shipments declined 23.3 per cent.

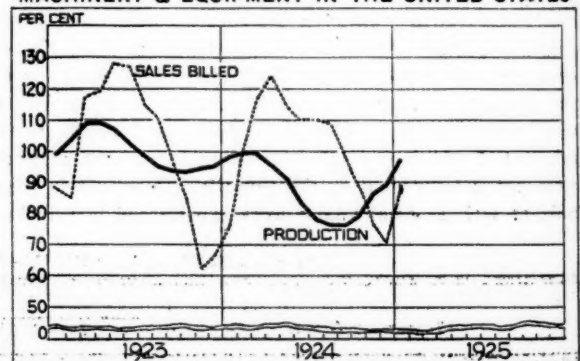
**Agricultural Machinery and Equipment**—Exports rose slightly while domestic sales of agricultural machinery and equipment showed the customary increase in January over December and were greater than in the corresponding month of either 1923 or 1924. The production rate rose to 64.1 per cent of the estimated normal for January. For the calendar year 1924 domestic sales aggregated 3.0 per cent less than for the prior year, and exports increased 13.7 per cent, but the combined total fell 0.5 per cent below figures for 1923. Reports for January indicate that collections in some localities continued rather difficult.

### PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in January, 1925, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	DECEMBER 1924	JANUARY 1924	DECEMBER 1924	JANUARY 1924
Domestic sales.....	+30.8	+22.5	104	104
Sales billed for export ..	+5.0	-12.2	104	104
Total sales .....	+25.7	+15.1	104	104
Production .....	+6.3	-1.5	97	96

### INDICES OF PRODUCTION AND SALES OF AGRICULTURAL MACHINERY & EQUIPMENT IN THE UNITED STATES



Production computed from employment. Sales based on dollar value. Latest figures, January, 1925: Production 97.2; Sales Billed, 88.9.

**Shoe Manufacturing, Tanning, and Hides**—Shoe production in the Seventh district receded in January compared with the prior month but exceeded the output in November. The quantity of shipments increased slightly over December but fell 3.6 per cent below current production



On February 1 unfilled orders on the books of twenty-two concerns gave assurance of nearly seven and one-half weeks' future business at the January rate of output. Inventories reported by twenty-six manufacturers were equivalent in the aggregate to 68.6 per cent of the volume of their shipments for January. Most companies continue to experience a little difficulty in collections.

#### CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN JANUARY, 1925, COMPARED WITH PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	DECEMBER 1924	JANUARY 1924	DECEMBER 1924	JANUARY 1924
Production .....	- 7.4	+ 9.8	31	31
Shipments .....	+ 0.8	+21.1	31	31
Inventories .....	+ 6.3	-10.1	25	24
Unfilled orders .....	-14.3	+ 9.3	23	23

Sales reported in dollar amounts by representative tanners in the district totaled less than in December but were more than a year ago. Demand for harness tended to improve after the first of the year. Leather production increased slightly during January. Prices continue steady.

Although calf skin and packer green hide markets were less active at Chicago than in December, prices recovered somewhat from the temporary slump prevailing at the close of 1924. Quotations have lowered slightly since the latter part of January.

**Furniture**—The results of the January furniture marts were reflected in orders received by manufacturers in the Seventh district; for nineteen firms these increased in the aggregate 122.0 per cent over December and 1.0 per cent

### BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

The demand for lumber remained quiet during January; prices which had shown a firming tendency at the beginning of the year weakened again in early February. As reported by manufacturers and dealers of the district, January sales were 5 per cent less than in December and about the same in volume as a year ago. At Chicago, the receipts of lumber fell 11 per cent from those of the preceding month, with shipments showing a proportionate decline. Both receipts and shipments, however, were considerably heavier than during January a year ago.

The use of cement has continued very light and stocks are rapidly accumulating although production is showing a marked decline. Reports for the United States show decreases of respectively 15 and 7 per cent in production and shipments, accompanied by an increase of 29 per cent in stocks during the month. In comparison with these items a year ago, production is 1.5 per cent larger, shipments 2 per cent smaller, and stocks heavier by 25 per cent.

### MERCHANDISING CONDITIONS

**Wholesale Trade**—Two-thirds of the wholesalers reporting to this bank showed a smaller volume of goods sold during January than in the closing month of 1924, whereas a year ago, with only a third of the dealers reporting declines from December, the five commodity groups included in this survey averaged gains.

For about half the drug firms and for the majority of grocery, hardware, dry goods, and shoe dealers, sales comparisons with January, 1924, were unfavorable, while grocery firms were the one group to exceed January, 1923.

Higher inventories were reported on January 31 than at the beginning of the year for all groups except groceries, which averaged a reduction of 1.6 per cent, decreases at eight stores more than offsetting increases at thirteen.

over January last year, although the volume of new business received was 17.1 per cent less than in January, 1923. Unfilled orders were 39.6 per cent greater at the end of January than on December 31, and 38.6 per cent above a year ago. At the rate of the January shipments, which gained 4.2 per cent over December, about ten weeks' business now remains on the books of the reporting firms. Production during January was slightly lower, the operating ratio of fifteen firms being 82.9 per cent, in comparison with 84.4 for December, and 83.2 for the corresponding month a year ago.

**Raw Wool and Finished Woolens**—Trading in wool continued quiet throughout January and early February, with lines suitable for woollen manufacture moving a little better than others. Stocks remain light, so that the market is still considered strong despite a very slight easing in prices and a decline in foreign markets. At the opening in London, cross-breds were in better demand than pure merinos, and in domestic markets the lower grades are showing more strength than the finer wools.

On February 4, the American Woolen Company opened their lines of men's wear goods for Fall, 1925. The advances announced on fifty staple numbers averaged 6.6 per cent, which was a smaller increase than had been anticipated by the majority of the trade. So far new business has not sufficiently developed from this opening to determine the effect of the new prices.

In the brick industry, there were developments pointing toward an increase in activity; shipments were heavier than during the preceding month. Price quotations remained steady.

**Building Construction**—A contraction in the amount of building work still being carried on was reflected in a heavy reduction during the month in the number of men employed in this industry. The contracts awarded during January, both total and residential, were also unusually light, the former showing a valuation of \$36,835,486, or 28.1 per cent below that of December and 25.3 per cent less than in January, 1924. Permits for forty-nine cities numbered 7,391 with an estimated cost of \$41,509,550. This was respectively 21 and 11 per cent below the number and cost of permits issued in December, the smaller cities showing, proportionately, the greater decline. In comparison with figures of a year ago, however, the January permits showed heavy increases, 13 per cent in number and 38 per cent in estimated cost.

This group, nevertheless, maintained its excess over the preceding year; dry goods and shoe stocks continued below; while for the two other commodities, trends were varied.

For most of the stores January collections were smaller than during December, and for thirty-seven out of fifty-nine were under a year ago.

**Department Store Trade**—January returns from reporting department stores in this district showed the usual seasonal characteristics—a decided drop in sales from December, an increase in collections, and the resultant lowering of accounts outstanding.

For the majority of stores, collections were likewise heavier than a year ago and accounts outstanding smaller.

Sales comparisons, however, are less uniform, half the stores reporting increases over January, 1924, and half declines. Similarly, the gain of nearly 8 per cent over January, 1923, reflects individual gains by only half the stores.

Aggregate stocks on January 31 for thirty-six firms averaged 3 per cent less than at the beginning of the year, only twelve stores showing increases. The gain over January 31, 1924, was 2.2 per cent.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1919 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Jan., 1925	Dec., 1924	Jan., 1924	Dec., 1923
<b>Meat Packing—(U. S.)—</b>					
Sales (in dollars) <sup>1</sup> .....	64	99.2	96.0	95.2	88.0
<b>Casting Foundries—</b>					
Shipments (in dollars).....	28	83.4	81.0	71.9	85.0
<b>Stoves and Furnaces—</b>					
Shipments (in dollars).....	17	55.2	69.7	62.3	76.1
<b>Agricultural Machinery &amp; Equipment—(U. S.)<sup>2</sup>—</b>					
Domestic Sales (in dollars).....	130	85.4	65.3	69.9	58.7
Exports (in dollars).....	130	106.1	101.1	109.8	110.7
Total Sales (in dollars).....	130	88.9	70.7	75.9	66.4
Production .....	124	97.2	89.7	97.8	94.5
<b>Furniture<sup>3</sup>—</b>					
Orders (in dollars).....	21	189.9	91.6	185.2	74.0
Shipments (in dollars).....	21	120.9	118.7	115.7	102.5
<b>Shoes<sup>4</sup>—</b>					
Production (in pairs).....	36	163.5	176.6	145.2	132.5
Shipments (in pairs).....	36	162.4	161.1	128.8	137.9
<b>Electric Energy—</b>					
Output of Plants (KWH).....	9	177.0	180.5	169.5	161.7
Industrial Sales (KWH).....	9	171.1	167.9	160.7	157.8
<b>Freight Carloadings—(U. S.)<sup>5</sup>—</b>					
Grain and Grain Products.....		129.9	122.3	121.8	116.4
Live Stock .....		111.0	115.1	110.9	111.2
Coal .....		126.3	112.6	125.1	102.7
Coke .....		148.7	130.9	133.8	125.0
Forest Products .....		126.1	112.0	124.7	105.0
Ore .....		27.0	26.9	23.3	28.4
Merchandise and Miscellaneous .....		114.1	114.6	110.0	110.0
<b>Total .....</b>		114.5	110.5	111.0	105.0
<b>Iron and Steel—</b>					
Pig Iron Production: <sup>6</sup>					
Illinois and Indiana.....		150.5	122.1	127.7	127.0
United States .....		129.6	114.0	116.2	112.5
Steel Ingot Production— (U. S.) <sup>6</sup> .....		137.3	121.2	119.4	100.9
Unfilled Orders U. S.					
Steel Corp. ....		84.0	80.4	80.0	74.2
<b>Automobiles—(U. S.)<sup>7</sup>—</b>					
Production:					
Passenger Cars .....		147.5	129.3	207.9	199.3
Trucks .....		99.2	98.0	109.3	104.7
Shipments: <sup>8</sup>					
Carloads .....		153.4	152.2	222.0	172.6
Driveaways .....		50.7	53.0	105.7	77.3
Boat <sup>9</sup> .....		10.7	26.5	30.2	117.5
Automobile Excise Tax Collections (7th F. R. District)—					
New Automobiles .....		116.0	153.3	208.2	168.7
New Automobile Trucks		28.4	18.2	113.0	63.8
Parts and Accessories.....		50.3	43.2	87.3	62.9
<b>Stamp Tax Collections<sup>8</sup>—</b>					
Sales or Transfers of					
Capital Stock .....		200.4	211.1	220.6	148.4
Sales of Produce on Exchange—Futures ....		75.4	69.2	31.1	39.2
<b>Wholesale Trade—</b>					
Net Sales (in dollars):					
Groceries .....	43	69.1	71.5	68.5	65.4
Hardware .....	21	79.0	90.1	83.3	81.6
Dry Goods .....	14	78.9	70.5	98.7	58.2
Drugs .....	14	.....	91.2	96.6	87.5
Shoes .....	7	29.9	48.4	43.3	40.4
<b>Retail Trade (Depart- ment Stores)—</b>					
Net Sales (in dollars):					
Chicago .....	9	119.0	225.5	106.0	206.1
Detroit .....	4	120.6	234.1	125.1	218.6
Des Moines .....	3	.....	186.7	97.8	181.0
Indianapolis .....	5	130.8	221.0	129.8	226.4
Milwaukee .....	5	.....	235.8	121.1	230.3
Outside .....	39	85.5	165.8	82.4	174.8
Seventh District .....	65	112.3	212.9	111.7	208.2
<b>Retail Trade—(U. S.)<sup>7</sup>—</b>					
Department Stores .....	359	109	210	109	202
Mail Order Houses.....	4	108	148	98	118
<b>Chain Stores:</b>					
Grocery .....	28	245	250	203	201
Drug .....	9	155	186	141	185
Shoe .....	6	107	187	99	171
Five and Ten Cent.....	5	151	366	126	331
Music .....	4	92	184	84	214
Candy .....	4	162	276	154	261
Cigar .....	3	122	192	119	193
<b>Flour Production—</b> (In barrels).....	39	125.6	111.0	108.0	94.6
<b>U. S. Primary Markets<sup>7</sup>—</b>					
Grain Receipts:					
Oats .....		118.2	106.5	87.3	108.3
Corn .....		242.0	196.8	204.2	233.1
Wheat .....		76.5	108.4	49.4	91.5
Grain Shipments:					
Oats .....		77.7	67.6	78.4	75.6
Corn .....		92.8	66.5	125.6	131.1
Wheat .....		61.3	97.8	36.6	51.9
<b>Building Construction—</b>					
Contracts Awarded (in dollars):					
Residential .....		100.4	193.6	173.4	130.0
Total .....		67.2	93.2	89.7	73.6
<b>Permits:</b>					
Chicago .....	Number	128.1	202.0	145.2	218.4
Cost.....		241.9	254.7	162.6	250.4
Indianapolis .....	Number	124.2	120.9	102.1	128.0
Cost.....		90.5	109.9	94.9	173.9
Des Moines .....	Number	91.2	152.9	75.5	161.8
Cost.....		64.4	259.1	53.8	88.5
Detroit .....	Number	108.7	124.5	82.7	117.4
Cost.....		136.7	143.9	103.0	151.0
Milwaukee .....	Number	119.3	145.3	108.3	143.1
Cost.....		101.0	117.3	82.0	122.7
Others (45) .....	Number	66.3	94.7	63.1	121.4
Cost.....		99.5	128.9	76.1	136.9
Fifty Cities .....	Number	97.7	123.4	86.8	129.1
Cost.....		153.8	173.5	111.5	176.5

1. Monthly average 1920-1921=100; 2. Monthly average 1923=100; 3. Monthly average 1919-1920-1921=100; 4. Monthly average of mean of production and shipments in 1919=100; 5. Average daily production; 6. Monthly average 1920=100; 7. Base figures (1920) partly estimated; 8. First Illinois internal revenue district; 9. Monthly average receipts 1919=100.



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